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DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

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SECRET

C O N T E N T S

(Information as of noon EST, 8 January 1970)

Far East

	<u>Page</u>
THE WEEK IN PERSPECTIVE	1
VIETNAM	2
A new phase of the Communists' winter-spring campaign has begun.	
<div></div>	
TAIWAN WORRIED ABOUT ITS INTERNATIONAL POSITION	5
Continuing erosion of diplomatic support for Taipei and growing Nationalist apprehension over future US intentions have generated considerable pessimism among the Nationalist leadership.	
SIHANOUK'S EXIT GIVES CAMBODIAN GOVERNMENT A CHANCE	6
Prince Sihanouk's departure for an extended rest in Europe after another round of political infighting with his persistent government opponents should ease political friction in Phnom Penh.	

25X1

25X1

SECRET

SECRET

25X1

Europe

- THE WEEK IN PERSPECTIVE 11
- SOVIETS EXPAND CIVIL AIR ACTIVITIES 12  
To reach its goal of around-the-world service, Moscow will open its trans-Siberian route this spring to several countries.
- CZECHOSLOVAKIA BEGINS YEAR OF CONSOLIDATION 14  
Czechoslovak leaders expect to complete "normalization" of the domestic political situation and of relations with the USSR this year.
- DENMARK REVISES CONTROLS ON EAST GERMAN TRAVEL 15  
The Danish Government's decision to withdraw from the temporary travel document system governing East German travel has met with West German and US resistance.

25X1

SECRET

SECRET

BONN MOVING TO INCREASE TRADE WITH EASTERN EUROPE 18  
The West German - Polish economic talks that reopened in Bonn last month may prove to be a landmark in economic relations between the two countries and could set a pattern for the further growth of East-West trade.

Middle East - Africa

THE WEEK IN PERSPECTIVE 21

NIGERIAN FORCES CUT OFF PARTS OF BIAFRAN ENCLAVE 22  
Federal forces have severed two sizable segments of the Biafran enclave, but the secessionists are determined to hold out.

25X1

GHANA TO STEP UP EXPULSION OF RESIDENT FOREIGNERS 26  
The Busia government continues to pursue a policy of tough enforcement of the country's immigration laws, primarily to ease domestic unemployment, despite growing adverse reactions in neighboring countries.

25X1

SECRET

SECRET

Western Hemisphere

THE WEEK IN PERSPECTIVE

27



25X1

AUTHORITARIANISM INCREASES IN PERU

29

The Velasco government's moves to tighten its control of the country by reorganizing the judiciary and restricting the press have aroused the most serious opposition yet provoked by any action of the military government.

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**FAR EAST**

A new phase of the Communists' winter-spring campaign against South Vietnam has begun. Stepped-up Communist offensive operations will probably emphasize shelling and sapper attacks, and the action may shift from one sector of the country to another.

The Vietnamese Communists recently have received as much as 2,000 tons of rice from Cambodia. These shipments are by far the largest reported since Prince Sihanouk eased his embargo on Communist supply traffic last September. Temporary rice shortages in Cambodia limited deliveries from Phnom Penh for a time, but Communist China and North Vietnam have delivered considerable tonnages of rice to Cambodia. Much of this rice was reportedly earmarked for the Vietnamese Communists.

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The Cambodian Government may be able to make some progress toward its goals of promoting liberal economic reform now that Prince Sihanouk has temporarily withdrawn from political activity and has departed for medical treatment and an extended rest in Europe. Once a revitalized Sihanouk returns to Phnom Penh, however, he is likely to waste little time in making fresh efforts to reassert his political supremacy.

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**SECRET****VIETNAM**

A new phase of the Communists' winter-spring campaign began last weekend, at least in the northern half of South Vietnam.

The enemy's major efforts were focused on Quang Nam and Quang Ngai provinces and included stepped-up shellings as well as several sharp sapper attacks on

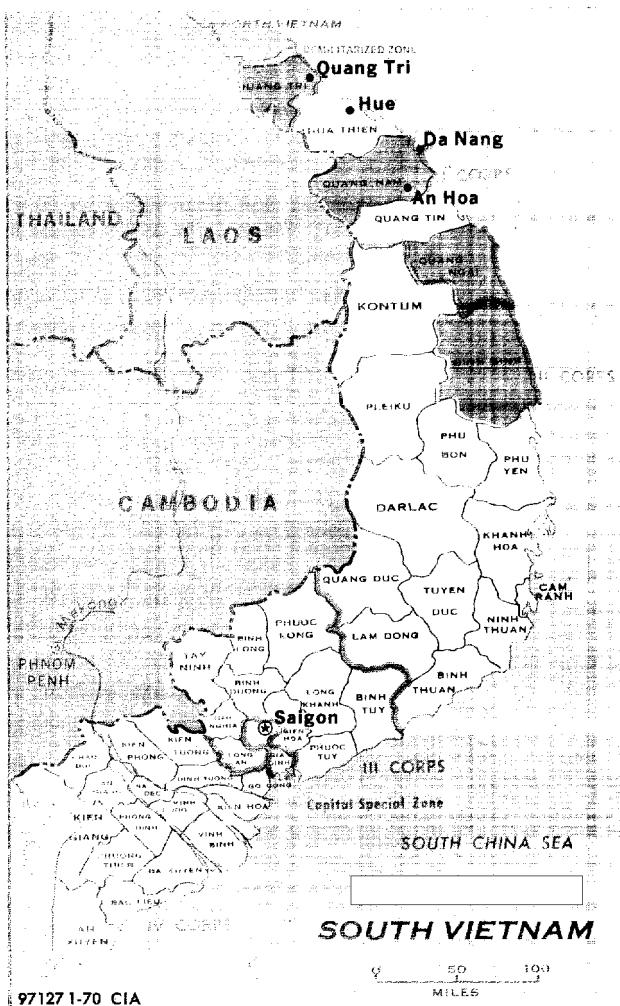
allied field positions and installations. US Marine facilities in and near Da Nang, as well as Da Nang Air Base, were targets of large-caliber rocket bombardments. Increased enemy action was also directed at South Vietnamese forces defending northernmost Quang Tri Province and at allied convoys traversing Binh Dinh Province.

These actions may be followed by a period of stepped-up Communist offensive operations, with emphasis on shelling and sapper attacks, possibly shifting from one sector of South Vietnam to another. It seems likely that future enemy strategy will reflect certain themes of the Viet Cong's Resolution 9, such as increased pressure on allied military units and renewed efforts to set back the pacification program and to gain control of the countryside.

There are numerous reports that the Communists are planning offensive action throughout South Vietnam. Since mid-December, it has been evident that many enemy units have been completing combat preparations, and recent reports that hostilities are imminent suggest enemy action will continue to pick up.

Enemy units near the capital of Quang Tri Province have been planning for another offensive phase of the current campaign.

these plans include the

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establishment of dispensaries by special medical teams in the low-lands. [redacted]

[redacted] the enemy plans to use two near-by hamlets as "stepping stones" from which to launch attacks during the period from January to March. Moreover, extensive logistical activity in western Quang Tri Province and adjacent areas of Laos suggests enemy action in the northernmost provinces in the near future may be aimed at Quang Tri city, with diversionary attacks near Hue. The Communists would probably use such pressure to test the effectiveness of South Vietnam's 1st Division, which has taken over primary responsibility for northeastern Quang Tri Province.

The Communists' command and control authority in Quang Nam Province--Front 4--is also apparently planning extensive offensive operations. [redacted]

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The one-day "general strike" by some 15,000 workers in Saigon on 7 January does not appear to have caused any serious disruption. The strike was called by local elements of the Vietnamese Confederation of Labor after failure to persuade the government to get the city's bus company back in operation after several month's idleness. Although the local leadership had voted to extend the strike, the confederation's national chairman ordered them to call it off and resume parleys with the government.

The decision by local leaders to call the strike is one more indication of the widespread disgruntlement with the recent rise in the cost of living. The confederation has provided important political support to President Thieu, and this open challenge to the government by the Saigon local unions may create strains in relations between the government and the confederation. In view of the national organization's action to limit the strike, however, it could prove a relatively isolated and transitory event.

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## TAIWAN WORRIED ABOUT ITS INTERNATIONAL POSITION

The continuing erosion of diplomatic support for Taipei over the past year, together with growing Nationalist apprehension over future US intentions, has generated considerable pessimism among the Nationalist leadership concerning the Republic of China's future international position. Partly as a result of a more forthcoming diplomatic posture by the Chinese Communists during the past year, a number of Western states have expressed a willingness to abandon or diminish diplomatic support for Taiwan in favor of establishing formal relations with Peking.

The annual vote on the China representation issue in the United Nations last November, in which Italy, Belgium, and Chile shifted from opposition to abstention on the admission of Peking, clearly reflected this reduction in support for the Nationalists and was viewed in Taipei as a further indication of a growing challenge to Taiwan's status.

The Nationalists' apprehensions have been most recently in-

creased by what they believe is a reassessment by Washington of its policy in Asia.

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[redacted] The Nationalist leadership fears that any substantial erosion of Taipei's international position will discredit its long-standing claim to represent the government of all China, which the regime has used to justify its 20-year monopoly of political power on the island.

Taipei has exhibited some tactical diplomatic flexibility in the face of this situation and has even displayed limited will-

ingness to establish contacts and aid relationships with countries formally recognizing Peking. These measures, however, have been largely exploratory, and Taipei clearly considers of overriding importance continued strong US support for its international status. Wei and other Nationalists believe that they have few means to influence US policy, and have currently adopted a "wait and see" approach, postponing any direct action until they have made a more complete assessment of the direction of US policy toward Asia. [redacted]

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### SIHANOUK'S EXIT GIVES CAMBODIAN GOVERNMENT A CHANCE

Prince Sihanouk's departure for an extended rest in Europe after another round of political infighting with his persistent government opponents is expected to ease political friction in Phnom Penh. Sihanouk will probably be absent from Cambodia for two or three months on one of his periodic medical retreats to France. His absence should give the government, thus freed from his frequent interference, a better chance to develop its policies.

Sihanouk's apparent inability to bring his opponents in the government and the National Assembly to heel during the recently completed National Congress may have influenced his decision to go abroad at this time. There had

been considerable apprehension among some key government officials that Sihanouk would try to manipulate the congress, a semi-annual public forum, to dismiss or discredit the government, and possibly also to attack the National Assembly. Sihanouk has been irritated by their joint efforts to assume greater responsibility for running governmental business and to promote liberal economic reforms.

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his more severe critics in the assembly and in the local press and eventually extracted a pro forma and near-unanimous declaration of loyalty from the assemblymen. The government also scored some important points when Sihanouk recommended the approval of its controversial plan to permit private banks in Cambodia.

Any possibility of a major political conflict at the congress was averted when Sihanouk chose to express full confidence in the government. He did, however, level some caustic remarks at

Once a revitalized Sihanouk returns to Phnom Penh, he is likely to waste little time making fresh efforts to reassert his political supremacy.

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## EUROPE

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Moscow has told the US that it is ready to resume bilateral talks this month on ground rules for UN peacekeeping operations involving either observers or military contingents. Major disagreements still exist, but there are areas in which the Soviets may be somewhat flexible.

Britain is proposing that NATO call for a standing commission on East-West relations to deal with Soviet schemes for a full-scale European security conference. London dislikes the conference idea, but believes that its proposed commission could handle specific issues and facilitate a step-by-step solution of European problems.

Interparty talks to consider replacing Italian Prime Minister Rumor's minority government with a new center-left coalition resumed briefly on 5 January. Further talks are expected later in the month.

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Albania's "cultural revolution" has driven two youth officials to suicide. The violence suggests opposition to the program, which is aimed at destroying the traditional cultural, religious, and clan influences in Albania and replacing them with party chief Hoxha's peculiar brand of Stalinism. Hoxha's speeches indicate he is monitoring the revolution closely to see that it does not get out of control.

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## SOVIETS EXPAND CIVIL AIR ACTIVITIES

Aeroflot, the Soviet airline, is increasing its efforts to provide around-the-world service. The Soviets have offered trans-Siberian rights to several countries in exchange for onward rights to North and South America. In late February, the USSR hopes to discuss additional stops in the US, such as at San Francisco or Los Angeles.

During a recent press conference, Soviet Civil Aviation Minister Loginov, in discussing the next five years in civil aviation, stated that Aeroflot hopes to double its business. He said Moscow would accomplish this in part by realizing the "full" potential of the Siberian route from Europe to the Far East and by introducing its supersonic aircraft, the TU-144. Loginov, however, was vague as to when this aircraft would be put into commercial service. He stressed other goals for Aeroflot, including the development of planes in the 24- to 40-passenger class, jumbo cargo planes, and helicopters in the 12- to 18-ton range, as well as equipping all Soviet planes and ground facilities for all-weather flying.

In the spring, the USSR will open its trans-Siberian route to several countries, facilitating travel between Europe and Japan. An agreement with Japan permitting the Japan Air Lines to use its own aircraft and crews is scheduled to go into effect in late March 1970. France and the USSR signed an agreement in De-

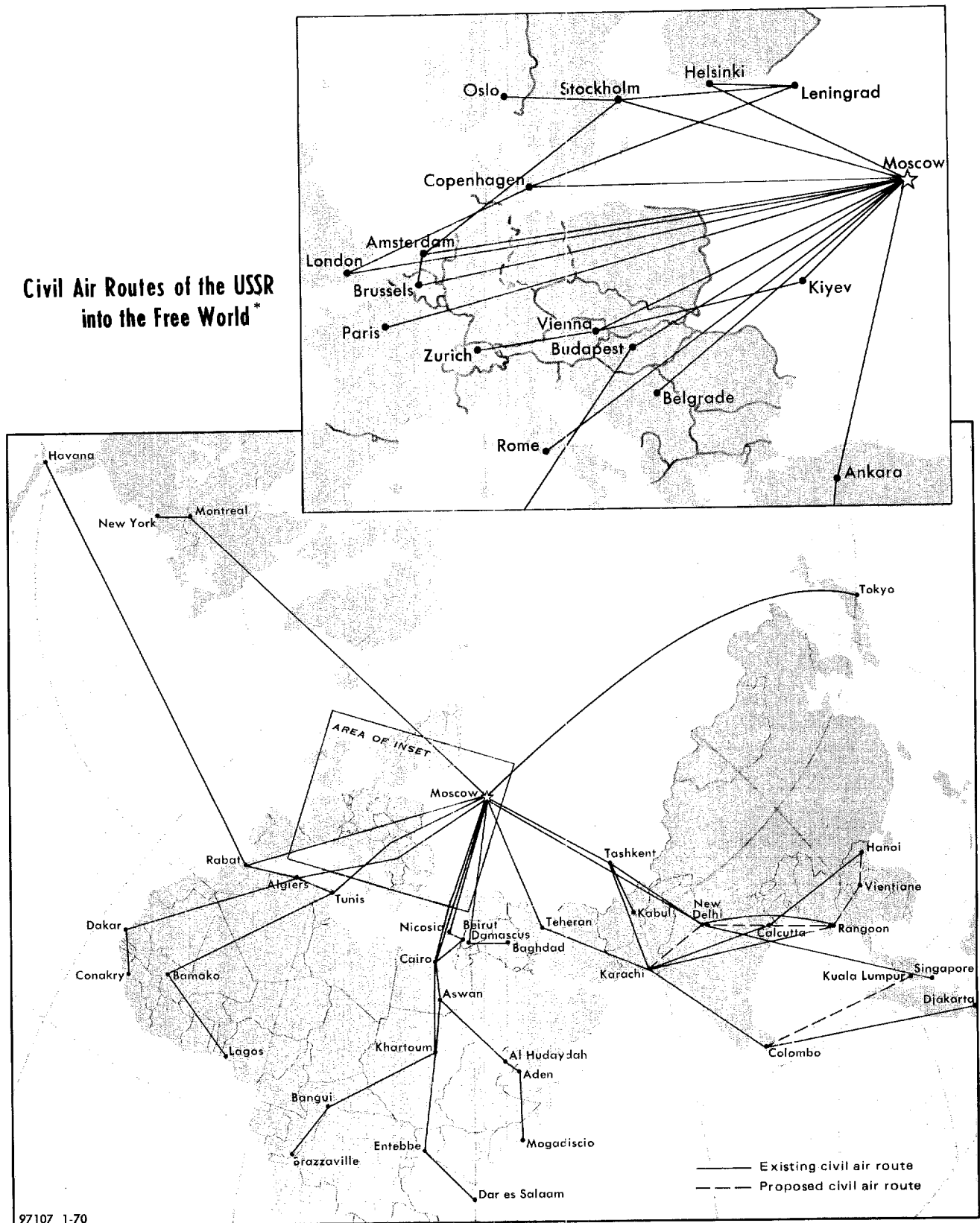
cember allowing Air France to use the trans-Siberian route, in return for which Aeroflot was given onward rights from Paris to North and South America. Air France is expected to begin service on this route on 1 April. Soviet and British negotiators have initiated an agreement permitting BOAC to fly the Siberian route beginning in May 1970 and granting Aeroflot onward rights from London. The Netherlands and the USSR have signed a similar protocol, but details have yet to be worked out. An agreement to give trans-Siberian rights to SAS is also likely.

Moscow is continuing to expand its air service to the Far East and to Africa. It now has regular weekly service to Hanoi, and has concluded new civil-air agreements with Malaysia and with Laos. Moreover, the Soviets have shown a desire to provide service to Thailand, Cambodia, and Australia. Aeroflot also increased its service to West Africa in 1969, when it stopped for the first time in the Central African Republic, in the Congo (Brazzaville), and in Nigeria.

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**Civil Air Routes of the USSR  
into the Free World\***



\*Also shown are air routes to selected Communist countries.

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## CZECHOSLOVAKIA BEGINS YEAR OF CONSOLIDATION

Czechoslovak leaders clearly expect to complete "normalization" of the domestic political situation and of relations with the Soviet Union this year. With these goals in mind, the party central committee has invited other national and local leaders to its plenum later this month to draw up political and economic plans for the short term. The plenum will probably also discuss holding a party congress and long-delayed national elections in 1971.

The regime's most urgent long-term problem--a crisis-ridden economy--will probably receive second billing to political questions during the plenum. On 1 January, the government revised labor and penal codes in an effort to cope with immediate problems such as inflation and production slowdowns, but it has yet to work out a viable long-term economic program. Party first secretary Husak realizes that continuing economic deterioration could ultimately jeopardize his position.

Husak, in a recent interview in Rude Pravo, indicated that more "unpopular" measures will be introduced in 1970. He probably was alluding in part to plans for ousting the remaining dissidents among the academic community, youth groups, and the trade unions, and for imposing greater party controls over educational and labor organizations. In addition, a regime spokesman recently announced that hitherto administrative restrictions on radio, television, the press, and

publishers would soon become law. Moreover, in view of widely publicized mass defections, new restrictions may be placed on foreign travel by Czechoslovakia.

Husak's warning probably also referred to a continuation of the party's purge of its own ranks. District organizations have been directed to screen local party officials, and commissions have been set up to investigate individual members. Husak's declaration that all party members must support his policies or get out suggests that the regime will comply with the long-standing Soviet desire that the Czechoslovak party membership--the largest in the world per capita--be substantially reduced. Implicit in Husak's remarks is a warning to archconservatives opposing him that they too must fall into line or face expulsion.

Husak rationalized his retrogressive policies by saying that they are necessary to pave the way for later "reconstruction" based on the "ideas of January (1968)." This is a reiteration of his earlier promises to resurrect eventually some of the reforms characteristic of the Dubcek era. Husak has never been specific, and in their present context, his promises may be little more than window dressing. Nevertheless, he and other Czechoslovak leaders continue to hold out the hope that "normalization" will be followed by relaxation, as well as by a concerted attempt to improve the quality of life through controlled reform.

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## DENMARK REVISES CONTROLS ON EAST GERMAN TRAVEL

In response to domestic political pressure, the Danish Government has decided to withdraw from the Allied system of issuing temporary travel documents (TTDs) to East Germans wishing to travel in NATO countries, and instead will set its own conditions for East German entry into its territory.

The TTD system was set up in 1945 as part of the four-power administration of Germany and was retained by the US, UK, and France as a means of countering periodic Communist harassments of access to Berlin. Although never wholly persuaded of the merits of the system, the Danes agreed to surrender their sovereignty on the matter to the three powers. Sentiment within Denmark for abolition of the TTDs grew steadily as a result of repeated circumventions of the system by some NATO members, as well as the creation in 1958 of a Nordic Passport Union that opened Denmark to East German entry via Sweden and Finland.

For more than a decade, the Danish Government urged NATO to agree to abolition, but got nowhere in the face of stiff US and West German resistance. Danish discontent with the system was meanwhile cleverly exploited by the East Germans. Pankow encouraged the Danes to invite East German politicians to visit and then capitalized on Danish embarrassment when the invariable refusal of the three powers to grant TTDs forced the Danes to withdraw the invitations. The denial of TTDs to some East German parliamentarians last May, just as the three powers were laboriously reaching

a compromise liberalizing the system, strained Danish patience to the breaking point. In concert with Oslo, Copenhagen forced the three powers to reverse their refusal and in return agreed to allow the liberalization time to prove itself.

The heating up of domestic political debate forced the government to cut short the trial period. Tempted by government weakness arising out of a prolonged financial crisis, the opposition parties decided to exploit discontent within the prime minister's Radical Liberal Party over coalition policies on the TTDs as well as on other matters. Fearing defections in Parliament, the government first decided to circumvent the TTD system by issuing its own visas to private East German travelers, and after a series of political trade-offs with the opposition, went on to withdraw entirely from the system.

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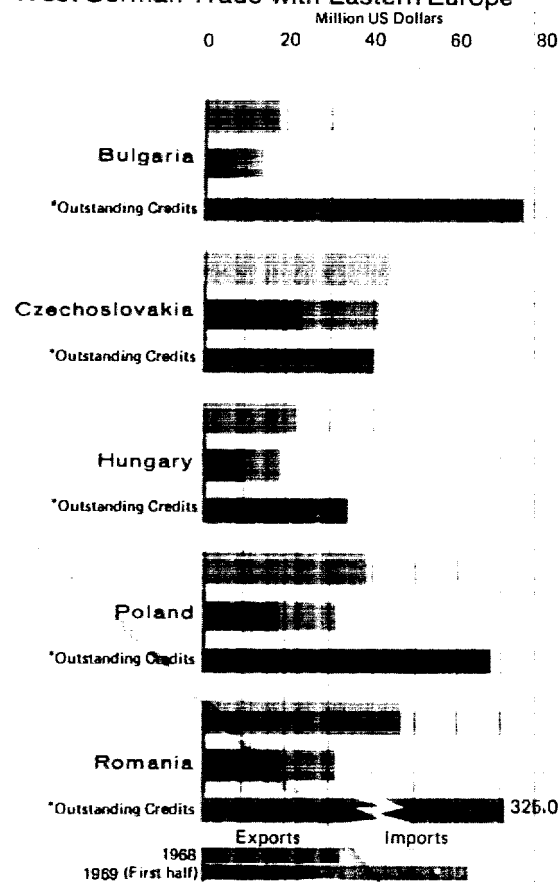
## BONN MOVING TO INCREASE TRADE WITH EASTERN EUROPE

The West German - Polish economic talks that reopened in Bonn last month may prove to be a landmark in economic relations between the two countries. The results of these negotiations could set a pattern for the further growth of East-West trade.

The talks, which resumed on 10 December, follow those held earlier last fall in which Warsaw expressed a strong interest in tripling the level of trade within five years, and requested \$1.25 billion in credits over 10-15 years to upgrade the Polish economy. Bonn, the largest free-world trade partner of East European countries, considered these requests unrealistic, but it agreed to resume negotiations to take advantage of the momentum provided by the Moscow summit meeting of 2-3 December, which gave the East European countries a green light to settle bilateral issues with Bonn.

West Germany's receptiveness to Polish desires for long-term

West German Trade with Eastern Europe



\*West German government-guaranteed commercial credits as of mid-1969.

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trade commitments and sizable credits probably will depend on the course of upcoming political talks.

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Poland also will be seeking closer industrial ties with West Germany through so-called joint ventures. No East European country, except Yugoslavia, is yet willing to grant Western participation in management or the withdrawal of profits. The Poles, however, would like West German businesses to put up the capital for the modernization of Polish industries and to take repayment largely in the goods produced by these industries. Although such arrangements are not likely to materialize in the near future, any discussions would attract the interest of the East Europeans. Such ventures would be an effective means for modernizing their industrial sectors as well as for expanding their Western market for manufactured goods.

Hungary and Czechoslovakia apparently will be the next to engage Bonn in trade talks. East European countries would like to sign long-term trade agreements with Bonn before Common Market negotiation of such agreements, beginning late

in 1972, reduces their bargaining power.

West Germany and Romania agreed last month on 1970 commodity trade within the framework of a new five-year trade agreement (1970-74). Bonn will increase quotas on imports of some Romanian products, including textiles, wood products, and petroleum, and promised to help meet Romanian requirements for much-needed coke and coking coal. Although Bonn deferred discussion on the question of guarantees for additional West German credits, it probably will be willing to guarantee sizable offers of private credits again in 1970.

Bonn's prospects for significantly increasing trade with Eastern Europe may depend to a large extent on its willingness to guarantee new credits with longer repayment terms than in the past. East European countries, because of a scarcity of new sources of hard-currency exports, their slow and uncertain payoff of imported equipment, and their sizable short-term indebtedness to Western Europe, would be most eager to negotiate repayment terms of 10 to 15 years. Bonn has developed its large trade with East Europe in part through the guarantee of commercial credits. By mid-1969, East Europe's indebtedness on private guaranteed credits extended by West Germany totaled \$540 million--almost one fourth of its indebtedness to all NATO countries who have extended such credits.

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Page 20 WEEKLY SUMMARY 9 Jan 70

**SECRET****MIDDLE EAST - AFRICA**

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Algeria and Tunisia, which have been gradually improving their sometimes antagonistic relations, this week signed a series of accords that moved virtually all their outstanding problems closer to solution. This new chumminess stems from both capitals' interest in promoting greater Maghreb unity as a counterpoise to Egyptian influence.

A Nigerian federal offensive has cut off two sizable segments of the Biafran enclave, but the secessionists have so far prevented any advance toward their major population centers and two main airstrips. In radical Congo (Brazzaville), the government made sweeping changes in its formal organization and trappings, reflecting the increased influence of local leftist extremists, but the move seems unlikely to have much effect on regime policies. Ivory Coast President Houphouet-Boigny, meanwhile, shuffled his cabinet in an attempt to ameliorate mounting unrest among students, workers, and tribal elements; the new cabinet features a greater number of younger and better educated ministers.

Afghanistan's neutrality in great-power politics was exemplified by the successive visits to Kabul of Soviet Minister of Defense Grechko and Vice President Agnew. Grechko emphasized that his visit was aimed solely at generating good will, and he politely turned aside Afghan attempts to discuss new Soviet arms aid.

In Pakistan, the renewal of normal political activity has featured parades and speeches but little violence. Nevertheless, the rival demonstrations staged in East Pakistan by student groups supporting moderate and far-left political parties probably are a preview of more violent events leading up to national elections in October.

On Cyprus, the UN mission has drawn up plans to cut 500 men from its 3,500-man force. Although the UN hopes eventually to convert to an observer-type operation in the quieter areas, the Turkish Government almost certainly will oppose the reduction on the grounds that the Turkish Cypriot enclaves will be jeopardized.

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## NIGERIAN FORCES CUT OFF PARTS OF BIAFRAN ENCLAVE

Federal forces, engaged in their most sustained offensive of the war, have cut off two sizable segments of the Biafran enclave and are maintaining pressure in other areas. The Biafrans have so far prevented inroads into the essential part of their territory, however, and seem as determined as ever to hold out.

The Nigerian Third Division has driven north to Umuahia, severing the southeastern part of the enclave. Heavy fighting in this area has produced large numbers of civilian refugees on both sides of the battle line.

On the northern front, the First Division has reopened the important road east from Onitsha, thereby cutting off the Biafran unit north of the road. The unit is still intact, however, and is

engaging the besieging federal forces. This is an important food-producing area, and the secessionists are trying to re-establish a link with the main enclave.

If the Nigerians are able to maintain these gains and can avoid devoting too much effort to mopping up in the severed portions of the enclave, they will be in a better position to advance toward Biafra's important population centers and its two main airstrips. Such an advance would probably involve long and bloody fighting, however, as the secessionists are well dug in.

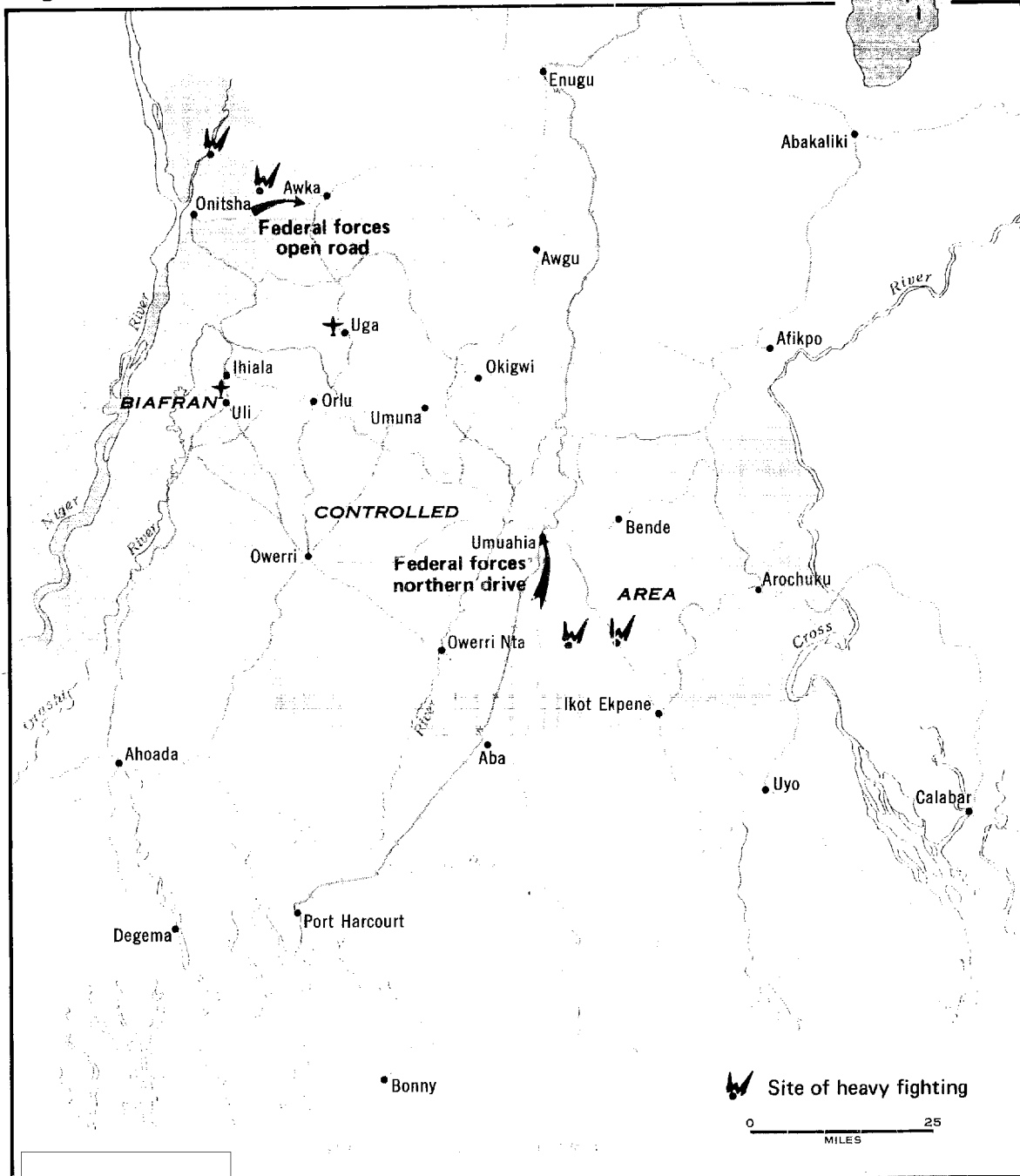
If the Nigerians do drive into the main enclave and if the Biafrans come to believe that their remaining territory will be overrun, they might strike back with air raids on important economic targets or even on civilian concentrations.

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## Nigerian Federal Forces Sever Biafran Enclave



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## GHANA TO STEP UP EXPULSION OF RESIDENT FOREIGNERS

Prime Minister Busia's new government is pushing ahead with its program to expel large numbers of resident foreigners. The expulsions have broad popular support at home, but they have begun to strain Ghana's relations with its neighbors, particularly with Nigeria.

The basic motivation for the policy arises from Ghana's seriously depressed economy, especially the current high level of unemployment--a problem with an explosive political potential. The government apparently believes the replacement of aliens by Ghanaians in unskilled labor and petty trade will ameliorate the unemployment problem. Prior to the decision last November to enforce immigration laws strictly, there were over two million foreigners in Ghana, the bulk of them nationals of other West African countries.

Under the new policy, some 70,000 aliens have already been expelled.

there is now so much domestic support for the policy that the regime must persevere or face adverse political consequences.

Although most of the expulsions thus far have been of "illegal," undocumented aliens, the Busia government now intends to

move against officially registered foreigners by refusing to grant resident permits in areas where Ghanaians are available to fill jobs and by granting only short-term permits elsewhere. Officials are also contemplating moving up--from July 1973 to next July--the effective date of a law that will require Ghanaian ownership of small businesses, now largely held by Lebanese and Indians.

In contrast with its domestic popularity, the expulsion program has evoked an unfavorable reaction from neighboring states, which have had to cope with an influx of impoverished refugees. On assuming power last October, the Busia government pledged to give priority attention to strengthening relations with its neighbors, but so far it appears little bothered by the mounting criticism in poorer countries such as Togo, Niger, and Upper Volta.

There is some concern among Ghanaian officials over growing friction with Nigeria, where the Gowon government is under increasing public pressure to retaliate by expelling resident Ghanaians. Lagos is especially angered over Ghana's granting of special refugee status to Biafrans while expelling thousands of other Nigerians. Relations between the two countries are visibly strained, and something of a press war has developed between them.

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**SECRET****WESTERN HEMISPHERE**

Terrorists continue to plague several Latin American countries.

In Guatemala, security forces are still pursuing guerrillas operating in the northern department of Alta Verapaz. The insurgents, who have eluded the army for two months, made a second raid this week on mining camps that were initially attacked last October. Meanwhile, however, the Communist urban terrorist campaign that raised the level of violence in Guatemala City during December has tapered off.

Fear of an upsurge in urban terrorism in Bolivia has forced a change of policy toward insurgency by the Ovando government. Believing that the "revolution" would reduce if not eliminate the guerrilla threat, Ovando initially took a hands-off approach to insurgency. Two major bank robberies in December and a shoot-out between terrorists and police, however, caused Minister of Government Ayoroa to re-evaluate the government's position and request US equipment to deal with the terrorists.

The continuation of Cuban assistance to Brazilian terrorist groups, meanwhile, indicates that Castro is still willing to supply aid to insurgents despite his decision, after the death of Che Guevara in 1967, to be more selective in supporting guerrilla movements.

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Havana's special interest in Brazil was also demonstrated by Castro's enthusiastic personal welcome given to 13 of the 15 prisoners who were exchanged for US Ambassador Elbrick last September. Cuba's current preoccupation with pressing domestic problems, particularly the effort to achieve a ten-million ton sugar harvest for 1970, will probably limit Cuban support of subversive groups largely to training and propaganda, at least for the time being.

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## AUTHORITARIANISM INCREASES IN PERU

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Peru's military government closed out 1969 by exhibiting authoritarian tendencies

that had been generally suppressed by the current administration in its first 14 months in power. Following the dismissal of elected municipal governments, the wholesale firing of supreme court justices, and a sweeping overhaul of the judiciary earlier in the month, the government on 30 December promulgated a decree law circumscribing the press.

The new press law states that only natural-born Peruvians who reside in the country may be involved in the publishing of periodicals. This provision is aimed directly at some of the government's most significant critics, including Manuel Ulloa, the president, part-owner, and occasional editorial writer for the newspaper Expresso. Ulloa was the finance minister when President Belaunde was overthrown, and he has on occasion led the criticism of the government's economic policies from exile in Argentina.

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The provision that has incurred the wrath of most Peruvian journalists, however, is the one limiting freedom of the press in matters concerning "the respect for law, the truth, morals, the demands of integral security of the state and national defense, as well as the protection of personal and family privacy and honor." This loosely worded provision can be interpreted in many ways, although a separate article of the law rules out censorship except in case of war. Nevertheless, El Comercio, Lima's leading newspaper and a close supporter of the government, attacked the law as a violation of press freedom and as permitting the government to "avoid any opinion or criticism of the executive power."

Opposition to the restrictions on the press is shared by political elements that have consistently opposed the government and those that have sought to

work with it, as well as by all significant elements of the public media except those directly controlled by the military. The government, which has seemed unusually sensitive to public opinion in the past, has stood its ground and has even levied a small fine on all Lima newspapers for not complying with the law by printing lists of their directors, office addresses, and trade name.

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